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C O N F I D E N T I A L QUITO 001909

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E.O. 12958: DECL: 05/24/2016

TAGS: PGOV PREL EC

SUBJECT: ECUADOR ELECTION: VITERI PICKS RUNNING-MATE

Classified By: PolIntern Ned Kelly for reasons 1.4 (b&d).

**¶11. (C)** Summary: Presidential candidate Cynthia Viteri (Social Christian Party-PSC) announced on August 1 that Ernesto Dávalos Salazar would be her vice presidential running-mate in the October elections. The choice of Dávalos, a businessman from Quito with experience in the finance and petroleum sectors, as well as social philanthropy, is clearly intended to boost the Guayaquil-based Viteri's appeal in the populous highlands, while also shoring up her perceived weakness on financial issues. Dávalos has a close affiliation with financier Fidel Egas, a bitter rival of PSC party president Leon Febres Cordero, and distanced himself in an August 2 interview from Febres Cordero's controversial banking bill. It is unclear whether the choice had Febres Cordero's blessing, is intended to signal Viteri's independence, or both. Egas' likely financial support may be the prime motivator. End Summary.

Viteri Announces Running Mate

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**¶12. (U)** Presidential hopeful Cynthia Viteri on August 1 announced Quito businessman, Ernesto DAVALOS Salazar, as her running-mate. Viteri had been privately or publicly spurned by several of the people she asked to be her vice presidential candidate, and maladroitly claimed that of the 20 hopefuls she had interviewed for the VP slot, Dávalos took her offer most seriously. At his coming-out press conference, Dávalos said as VP he hoped to offer his expertise in economy and finance, hydrocarbons reform, and social projects.

Dávalos Biographic Information

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**¶13. (C)** According to our sources, the 59-year-old Dávalos, a former race car driver, known as "Netucho," is said to be intelligent, gracious, and a bon vivant. He has been married three times. Although the Riobamba-based Dávalos family is extremely wealthy, Dávalos' branch is not. Viteri reportedly approached Egas for help in finding a running mate, and Egas recommended Dávalos. Egas may expect political protection and influence from a Viteri government, presumably in exchange for his financial support to the campaign.

**¶14. (U)** Dávalos studied at the Catholic University of Quito, and has worked as managing director of the Banco de Pichincha (1996-2006, under Egas), and earlier with Banco Popular, Cofiec, and Pichincha Mutual. At the Banco de Pichincha, Dávalos headed Credife, the bank's very successful micro-credit program.

15. (U) Davalos also worked in the petroleum sector for Gulf, Repetrol, Cepco City, and City Investing. In his roll-out, Viteri emphasized his social engagement: he has been a managing director for several years of the Cruz Solidaria Foundation, which is affiliated with national daily "el Comercio" and collects and distributes disaster relief including in the wake of the recent Tungurahua volcano eruption. Although Davalos has no overt political affiliation and declares himself an independent, he has long-standing ties to the PSC and campaigned for Guayaquil mayor Jaime Nebot during the last election.

PRE Follows Suit

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16. (U) Viteri was only the second major candidate to announce a running-mate (the deadline is August 15), but she was followed the same day by the announcement by the PRE of Suzy Mendoza as running-mate to presidential candidate Fernando Rosero. Mendoza, a former Miss Ecuador hopeful from Manabi Province, served as U/S for Trade during the Gutierrez Administration, and founded Alvaro Noboa's PRIAN branch in Manabi, but later disaffiliated. After the announcement, she flew to Panama to meet with party leader and exiled ex-president, Abdala Bucaram. Her selection is in keeping with PRE's time-tested practice of picking former beauty queens, athletes and sports broadcasters as candidates.

Comment

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18. (C) Although Davalos nominally provides regional balance to a ticket hitherto weak in the populous highlands region, some doubt the motives behind his selection. Former Trade Minister Ivonne Baki told the Charge on August 2 that she doubted the low-profile Davalos would boost Viteri's appeal to Sierra voters. She and other insiders are buzzing with the question of whether this signals some kind of a strategic rapprochement between LFC and Egas, or a bold show of independence by Viteri. Either way, Egas' support will clearly benefit a campaign that has been rumored to be badly strapped financially.

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